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SUBJECT: CONGRESSMAN MARKEY SHOWS OPTIMISM IN VIDEO
CONFERENCE WITH EUROPEAN COMMISSION

1. (SBU) Summary. Congressman Edward Markey (D-MA), Chairman of the House Select Committee on Energy Independence and Global Warming and co-author of the American Clean Energy and Security Act (ACES, also known as Waxman-Markey), told Commission officials and reporters that the Senate could pass similar legislation prior to Copenhagen on September 29. The Chairman's DVC with three of the Commission's chief climate officials - Karl Falkenberg, Director General for DG Environment; Matthew Baldwin, climate and energy advisor to President Barroso; and Nancy Kontou, Chief of Staff to Environment Commissioner Stavros Dimas - was well received and elicited several themes:

-- Concern on the part of the Commission that the Senate will not act on climate legislation during this year, as both administration and Congressional priorities are with health care. The Chairman explained that there was no confidence in Waxman-Markey either, but it passed in record time;

-- The Commission remains solely focused on Copenhagen and is concerned that both inertia in the Senate and the lack of pressure from the administration will leave the United States without a mandate to negotiate. The Chairman expressed confidence in the Senate, noting that most of the stakeholders were addressed by Waxman-Markey and that several Senators are pushing to complete as much as possible by Copenhagen; and

-- Linking carbon markets is almost as important to the Commission as agreement in Copenhagen, but some provisions in Waxman-Markey, including border measures and price collars, are causing concern. End summary.

Chairman Markey Confident of Senate Success

2. (SBU) Chairman Markey took advantage of the video conference with key members of the Commission's climate to highlight the steps the United States has already taken this year to address climate change. He noted both the \$80 billion from the stimulus package to go directly to green energy technologies as well as the increase in U.S. CAFE standards to 35.5 mpg in 2016. He then turned to the Waxman-Markey bill, stating that his legislation reached out to all stakeholders, including Congressmen and industry including coal, utilities, auto manufacturing, agriculture, and refining, leading to a widely supported bill.

3. (SBU) DG Falkenberg offered his congratulations to the Chairman for success in passing Waxman-Markey, as well as plans by Senators Boxer and Kerry to release their bill. However, he expressed concern that the bill

will not unfold during this year, leaving the rest of the world to wait for the Senate to act. He noted that he understood that health care has taken priority in Washington, but questioned why President Obama has not endorsed Waxman-Markey or used his political influence to pressure the Senate.

14. (SBU) Chairman Markey responded to Falkenberg's concerns by noting that there were few experts predicting success for Waxman-Markey, but the legislation passed the House in record time. He noted that President Obama has endorsed the legislation, and during his speech in New York, called Waxman-Markey most important in U.S. policy. Turning to the Senate, the Chairman acknowledged the challenge of health care, but said that the health care debate, when successful, should add momentum to the climate legislation. He also noted that since the bill has already been completed in the House, it will be more difficult for several Senators to vote against a comparable bill, particularly those who have endorsed climate legislation in the past.

Target Remains Copenhagen

15. (SBU) Falkenberg appreciated the Chairman's optimism, but continued to express doubt that the Senate would be far enough along for the administration to negotiate strongly in Copenhagen. He noted that there are only 68 days left before Copenhagen, and the world is watching waning in the United States. China and India, want from the United States is

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policymakers and press. All in attendance were appreciative of the Chairman's time and left the meeting with a better feeling of the situation in the United States than when they arrived. Falkenberg even mentioned that it is not everyday I have the opportunity to speak to an influential Congressman. USEU strongly supports engagement of this nature and invites additional policymakers to take part in similar video conferences.

MURRAY